NCA
VOC FOR PGM/FN
BACKGROUNDER NO. 5-6155 SEPTEMBER 25, 1978
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ECONOMIC REFORM IN HUNGARY

ANNCR:

REPORTS FROM EASTERN EUROPE SPEAK OF INCREASING DIFFICULTIES IN ECONOMIC PLANNING, EXCEPT IN HUNGARY WHERE THE REFORM MOVEMENT CONTINUES TO SHOW CONSIDERABLE SUCCESS. VOA NEWS ANALYST JOHN ALBERT HAS THIS BACKGROUND REPORT:

VOICE:

WEST EUROPEAN NEWSPAPERS ARE DEVOTING MUCH ATTENTION TO THE STATUS OF ECONOMIC PLANNING IN EASTERN EUROPE. THEY GENERALLY CITE EAST EUROPEAN OFFICIALS THEMSELVES CRITICISING UNDERACHIEVEMENT IN THE FIVE-YEAR PLANS, LOW PRODUCTIVITY, BAD WORKING MORALE AND SHODDY PRODUCTS.

HOWEVER, RECENT LENGTHY REPORTS FROM HUNGARY IN BOTH THE "NUEE ZUERCHER ZEITUNG" IN SWITZERLAND AND THE WEST GERMAN WEEKLY "DIE ZEIT" IN HAMBURG EMPHASIZE THE CONTINUING SUCCESS OF ECONOMIC REFORM IN HUNGARY. HUNGARIAN REFORMERS, THE PAPERS REPORT, SPEAK OF THEIR COUNTRY'S SYSTEM AS A " "SOCIALIST MARKET ECONOMY." BUT, IN THE EYES OF WEST EUROPEAN OBSERVERS, IT FALLS SHORT IN BOTH ITS SOCIALIST ASPECTS AND THOSE TAKEN FROM WESTERN EXAMPLES. IT IS STILL AN ECONOMY IN WHICH THE GOVERNMENT AND PARTICULARLY THE COMMUNIST PARTY HAVE A DECISIVE ROLE. (OPT) THE HUNGARIAN REFORMERS ARE ONLY TOO WELL AWARE OF THE LIMITATIONS UNDER WHICH THEY MUST WORK, AND THEY ALWAYS POINT OUT THAT THEIR SYSTEM DOES NOT LEND ITSELF TO ADAPTION IN OTHER EAST EUROPEAN COUNTRYS. (END OPT)

AS IN THE OTHER COMMUNIST COUNTRIES THE STATE HOLDS THE MEANS OF PRODUCTION ALMOST ENTIRELY IN ITS HANDS. ONLY A LITTLE MORE THAN TWO PER CENT OF ALL WORKERS BELONG TO THE

PRIVATE SECTOR. STILL, THE ROLE OF GOVERNMENT IS HIGHLY RESTRICTED. IT SETS A WIDE FRAMEWORK FOR PRODUCTION, BUT ALLOWS INDIVIDUAL ENTERPRISES TO SET THEIR OWN FIVE-YEAR PLANS. AND UNLIKE ELSEWHERE IN EASTERN EUROPE, TRUE PRODUCTION COSTS MUST BE REFLECTED IN WAGES AND PRICES. ALSO GOVERNMENT INVESTMENT IS RESTRICTED TO NATURAL GAS, THE PETROCHEMICAL INDUSTRY, BUILDING AND PUBLIC TRANSPORTATION. ANY OTHER ENTERPRISE WHICH SEEKS INVESTMENT CAPITAL HAS TO OBTAIN IT FROM A BANK AND UNDER CONDITIONS SIMILAR TO THOSE IN WESTERN COUNTRIE.

PRICES FOR ESSENTIAL GOODS ARE REGULATED, BUT AGAIN IN CONTRAST TO OTHER COMMUNIST COUNTRIES, THEY HAVE BEEN RAISED CONSIDERABLY FROM TIME TO TIME. OTHER PRODUCTS HAVE MAXIMUM PRICES SET, AND THE REST ARE FREE FROM PRICE RESTRICTIONS. BY 1980 IT IS PLANNED TO FREE TWO-THIRDS OF ALL PRICES FROM ANY RESTRICTIONS.

DECISIVE IN ALL PLANNING IS THE PRINCIPLE THAT GOODS MUST BE ACCEPTABLE TO THE CUSTOMERS. COMPETITION IS ENCOURAGED. A PLAN IS ONLY FULFILLED WHEN THE PRODUCTS ARE ACTUALLY SOLD. MORE AND MORE ENTERPRISES ARE FREE TO DEAL WITH THE WEST IN EXPORT TRADE. EVERYWHERE THE WORKERS PRARTICIPATE IN PLANNING DECISIONS AND SHARE IN THE PROFITS.

AS THE WEST EUROPEAN NEWSPAPERS POINT OUT, ALL THIS CONSTANTLY CREATES TENSION BETWEEN THE HUNGARIAN PARTY APPARATUS WHICH WANTS MORE CONTROL AND FEWER "CAPITALIST" METHODS, AND THE MANAGERS OF THE ENTERPRISES WHO ARE CONCERNED WITH MARKET CONDITIONS AND WESTERN COMPETITION. SO FAR THE MANAGERS HAVE MOSTLY BEEN ABLE TO PREVAIL.

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